

**Agency:** 163 Consolidated Tech Serv  
**Decision Package Code/Title:** CG Increased Network Costs

**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

Consolidated Technology Services (WaTech) is requesting \$2,048,000 increased revenue in the 2015-17 biennium to cover increases in network costs of 31%.

**Agency Total**

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
996-Z -Estimated All Other Funds-Other	0	0	0

**Staffing**  
FTEs

**Revenue**

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
458 Tech Serv Rev Acct	0420 Charges for Services	1,040,000	1,040,000	2,080,000

**Package Description:**

WaTech is one of the largest consumers of network services. The 2015-17 biennial budget provided WaTech the expenditure authority to accommodate a 31% increase in the cost of network services. However, WaTech must generate the associated revenue by increasing its rates for other services that consume network services. WaTech services such as hosted servers, email, telephony, storage, security, applications, and mainframe all need and use connections to the state's network. As a customer of its own services, WaTech has no alternative to raise the revenue for this increase other than by increasing rates to external customers of these and other WaTech services.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

If WaTech can increase rates to external customers for services that require network connectivity, the agency will be closer to cost recoverability in almost all of its services.

**Performance Measure Detail**

<b>Activity</b>	<b>A403 Data Network Services</b>	<b>Incremental Changes</b>	
		<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Output Measures</b>			
	000412 Intergovernmental Network (IGN) Traffic (Terabytes)	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

1. The budget request supports WaTech goal of being cost-recoverable in every line of business .
2. This decision package is essential to implementing the agency's Strategic Objective of providing cost-competitive services and being transparent in costs and outcomes.

***Does this DP provide essential support to one or more of the Governor's Results Washington priorities?***

e. Efficient, Effective and Accountable Government - Washingtonians expect their tax dollars to be put to the best possible use . That means investing in state services that are the most important to them, providing those services with excellence and then making results easily available to the public. We've developed preliminary outcome measures that demonstrate our commitment to using Lean management principles to deliver customer satisfaction, employee engagement and innovation, and transparency and accountability .

***What are the other important connections or impacts related to this proposal?***

All WaTech customers will be affected by this proposal. The impact on particular customers depends on the amount of specific services consumed. An estimate of this impact is provided under separate cover .

***What alternatives were explored by the agency, and why was this alternative chosen?***

The alternative to this proposal is for WaTech to continue to charge rates for services that will not cover the actual cost of providing the service.

***What are the consequences of adopting or not adopting this package?***

WaTech will lose money-about \$3 million in the 2015-17 biennium associated with these contracts.

***What is the relationship, if any, to the state's capital budget?***

None

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

Not Applicable

***Expenditure and revenue calculations and assumptions***

See attached CG - Increased Network Costs.xls.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

These revenues are ongoing and will carry forward into future biennia.

**Object Detail**

**Total**

Total Objects